

SECRET

LBX-332
29 May 1946

TO : AB 24, Saint, Amzon
FROM : AB 16, Berlin /6
SUBJECT : Further details of GAMBIT project.
REF : SCI-B-174, 11 May 1946; LBX-TS-324, 25 May 1946.

1. Attached are three copies of Hecksher's aide memoire on the GAMBIT case. It was prepared after long discussion involving the most minute details of her placement in OMGUS.

2. Col. Sheen of ODI has so far, by skillful handling, achieved complete success in our plan to put through the project,

- a. With official OMGUS approval (Clay approved),
- b. As if it were conceived and operated from OMGUS itself, thereby avoiding the danger that the label SSU would excite attention among American officials.

3. Only the details of selecting the actual job remains, and as Hecksher's memoire shows, that is going to be handled by Col. Sheen personally with the responsible employment officer, Lt. Sweeney, without briefing Sweeney very much as to what it is all about, other than that the Col., who is pulling his rank on Sweeney, wants a good secretarial candidate hired, and claims to have some counterintelligence interest in the woman.

4. In other words, the heart of our plan is to get complete OMGUS approval - General Clay, General Draper, Col. Sheen, and Lt. Sweeney, so that the matter is taped by OMGUS, the Economics Division, the competent security official of OMGUS, and the Labor official, - but not to have anyone other than Col. Sheen know what it is all about. Also, Col. Sheen will not be concerned, once the operation commences.

5. The other side of GAMBIT's regularlization, the obtaining of the five or six different papers needed here, is progressing favorably after Mr. Laurence DeNeufville and AB 52 by very professional tactics overcame obstacles which would have stumped most persons.

Distribution:

3 AB 24
1 GAMBIT
1 AB 51 (read & destroy)

AB16/16

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Copy No. 3

AIDE MEMOIRE

The placement of subject with Economics Division should afford her a vantage position from which to observe possible high-level penetration attempts and internal security violations facilitating such attempts.

In view of the complexity of the organization of Economics Division and the diversity of its sub-divisions, complete counter-espionage coverage is out of the question and a judicious selection of a strategic location within its framework will have to be made.

From the point of view of warding off possible penetration attempts, we have to know which particular sub-section of Economics Division, by virtue of the general importance of its field and the standards of secrecy that apply in handling the subject matter assigned to it, is most vulnerable to aggression by the intelligence service of a foreign power. Such appraisal can only be undertaken by a person intimately acquainted with the organizational and functional characteristics of the various sub-sections of Economics Division, who would have to be fully briefed on the essential elements that make up a case of vulnerability to espionage.

For that reason, General DRAPER's suggestion to consult LtCol BENN, Adm. Econ. Div., should be followed. This would not necessarily involve acquainting him with the whole operation, because the same questions we would ask him in order to determine what position within Economics Division is most likely to yield CE data, would suggest themselves in preparing a routine security check. Colonel SHEEN who, I understand, is ex officio charged with the setting up and implementation of espionage security safeguards within GCHQS jurisdiction, could obtain the necessary data without tipping his hand.

I would suggest that Colonel SHEEN ask LtCol BENN for the following information:

1. Which sub-sections of Economics Division are to be considered the most important from the point of view
 - a. of economic planning preparatory to installing a German Central Administration;
 - b. of the contentious character and political implications of the economic problems under its jurisdiction.
2. Which one among the sub-sections singled out as important, should be governed by the highest standards of secrecy and conversely would suffer most if its highly classified material were to fall into the wrong hands.
3. The selection could be further narrowed down by establishing w sub-section
 - a. employs the largest number of high-level German consultants
 - b. has been exposed to frequent attempts at penetration by a foreign power, or has been found lacking in the proper observance of

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security rules.

As the next step I would suggest that Colonel SHEEN consult W/O SWEENEY as to what position subject would best fit into, allowing for her actual linguistic and clerical qualifications plus her notional background in censorship. This would probably have to be determined on the basis of an interview between SWEENEY and subject. This procedure would also be in keeping with Colonel SHEEN's opinion that we should stick as closely as feasible to the established routine in placing German civilians with U.S. organizations.

HENRY D HECKSHER

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